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Hungary

Organic Products

Report

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Report Highlights: Organic farming in Hungary is expected to grow by one third to over 80,000 ha in 2001. In 2000, Hungary exported \$8.2 million in organic crops (mostly wheat). Most organic products are destined for export markets in western Europe. There is a small internal market for organic products but, to date, no U.S. certifier or supplier is registered in Hungary.

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Organic farming in Hungary started in the 1980's and has grown to a registered area of 53,000 ha in 2000. Up to 80,000 ha is estimated for 2001. Much of the 'organic' registered land is dedicated to field crops but garden, orchard, greenhouse and grassland are common and produce a range of certified products.

The internal market for organic products is small and some European countries are allowed to certify organic products for export to Hungary. U.S. companies may register their certifying organization but to date no U.S. organic products have been imported.

Biokultura Association (BA) deals with the organization of activities, education, professional training, development and promotion of organic production. BA had 1,237 members in 2001, including 800 farms, 211 bee keepers, a few domestic cooperatives or limited companies and several foreign companies. The organization has been a full member of the International Federation of Organic Agricultural Movements (IFOAM) since 1987. BA operates an information center and publishes books and a monthly newspaper (in Hungarian).

Biokontroll is the organization responsible for the registration and inspection of organic producers and the registration of foreign certifiers of organic products. Formally, approval for registration was given by the Plant Health and Agro-Environmental Department of the Ministry of Agriculture. Biokontroll handles and approves the documentation of import shipments.

Certification

Organic production is governed by decree 114/1999. (August 31, 1999) titled "Production, distribution and labeling of agricultural and food products produced under organic conditions" and the 2/2000 (January 18, 2000) Order of the Ministry of Agriculture and the Ministry of Environment "On the detailed rules of production, distribution and labeling of agricultural and food products under organic conditions"

The inspection and certification of Hungarian organic production is in strict compliance with two basic regulations: the IFOAM standard; and the EU regulation EC 2092/91. Biokontroll Hungaria Kht. inspects and certifies most of organic producers/products in Hungary. Foreign certifying organizations may work in Hungary if they meet government requirements and are registered.

The Ministry of Agriculture and Biokontroll Kft. register and approve domestic and foreign certifying organizations. If the producer of the import product is certified by an EU certifying organization or by an organization registered on the EU's third country list¹, the administration of the import approval process is simple. If the product imported to Hungary is certified by an organization outside of the EU and Switzerland, the importer must file claims for approval of both the certifier and the product shipment. Biokontroll compares the control system of the foreign certifier and the foreign legislation on organic production with the Hungarian equivalent. (Appendix 1 Contains a copy of the required certificate for organic products imported from the

¹To date, the second list is made up of: Argentina, the Czech Republic, Israel, Hungary, and Switzerland, though Hungary has only admitted Swiss imports. Hungary itself is accepted by the EU on this list for only plant products. Hungarian animal products exported to the EU are subjects to case by case approval.

European Union.)

Production Policy

Up until the end of 2001, the Hungarian government offered specific subsidies for farms making the transformation to organic production. Starting in 2002, the support became a part of the National Agro-environmental Program. Its budget for 2002, HUF 2.2 billion (USD 8.1 million), is far above the 2001 support level. Farms making the transition to organic production receive HUF 25,000/hectare (USD 93) and those that have already made the switch will receive HUF 15,000/hectare (USD 56). Other subsidies are available from the Agro-environmental program as well as from the agricultural production support package and the EU financed regional and other development programs. These are usually allocated under a bid system.

Registered production area was about 53,000 ha in 2000 and is estimated to be 80,000 ha in 2001. Much of the area is dedicated to field crops, but gardens, orchards, greenhouses, grasslands and honeybees are also under inspection and produce a variety of certified products.

About 80 percent of organic products are for export. The export value was about HUF 2.3 bn (USD 8.2 million) in 2000, representing 9,500 MT wheat, 4,500 MT corn, 1,200 MT sweet corn, 2,100 MT sunflower-seed, 125 MT apricots and 111 MT honey. Other major products are speciality grains, pumpkin seeds, millet, herbs and spices, paprika, frozen fruit, fruit preserves and wine. Main export destinations are Germany, Austria, Switzerland and Sweden.

There is no reliable data on imports of organic products and the volume is likely very low. Suppliers are mainly EU countries. Outside of the EU, only Switzerland, Slovakia and Poland export organic products to Hungary. To date, no U.S. certifier or supplier have been registered. Hungary imports "health food" from the United States, but not organic food.

About the half of domestic consumption is taken by the use of a baby food company. The size of this domestic market is about USD 1 million. There is a network of "organic" "bio" and "reform" food stores in Hungary, and there are organic produce markets in two bigger cities.

Steps for Market Entry

- 1) It is advisable to export through a Hungarian importer which is a member of the Biokultura Association and is registered by Biokontroll.
- 2) Upon entry of your product, import approval must be requested from the Ministry of Agriculture through Biokontroll
- 3) If the certifier of the lot is an EU listed or Swiss organization, the import approval should be granted quickly.
- 4) If the certifier is not from a listed (currently all U.S. organizations), a request must be filed to Biokontroll for the approval of both the certifier and the product shipment. The fee is HUF 150,000 (USD 556) for the approval of non listed certifying organizations and 50,000 HUF (USD 185) for

the approval of each certificate(shipment) from a non listed certifier. If a U.S. organic products certifier has been registered (e.g., organic almonds), the company must be registered (screened) again if it wants to certify an import lot of something different (e.g., organic honey).

Labeling

For imported processed organic products in retail packaging, the label may be a sticker on the top of the foreign label. Normally the sticker is produced and attached to the product by the Hungarian importer.

When labeling organic products, the word organic (“ecologically produced” or “bio-” in European languages) must be used.

The name of certifying organization that made the last certification must appear on the label.

Any advertisement or claim made elsewhere on the product must correspond to the text of the label.

A product label may refer to organic production, if:

- the label clearly shows that it is from organic production
- it has been produced and distributed according to the corresponding legal rules
- the product was not irradiated
- the product is not or produced from a genetically modified organism (GMO).

A processed product or a product containing several ingredients may be organic:

- 95 % of ingredients of agricultural origin must be or must come from a product which was produced according to organic guidelines
- some materials of non-agricultural origin that may be used as ingredients provided they are listed in a separate appendix (e.g., calcium carbonate, carbon dioxide, citric acid, pectin, agar-agar etc.)
- the additional ingredients were not irradiated or GMOs
- the ingredients must be listed in decreasing order
- the listing of ingredients must be the same color, font size and layout

The organic label must be very clear and should not mislead the customer. The product label or its advertisement cannot contain any guarantee of higher hygienic, sensory or nutritional attributes that those actually possessed by the product.

List of contacts

For general information on organic producers and production in Hungary

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Appendix I

CERTIFICATE FOR IMPORT OF PRODUCTS FROM ORGANIC PRODUCTION

1. Body issuing the certificate (name and address)

2. Regulation (EEC) No 2092/91.Art. II	3. Exporter of the product (name and address)
Reference number of the certificate	
4. Control body* (name and address)	5. Producer or processor of the product* (name and address)
6. Country of dispatch	7. Consignee of the product in the Community (name and address)
8. Country of destination	
9. Address of the place of destination*	

10. Marks and numbers, Container No(s), Number and kind.	11. Gross mass (kg)
Trade name of the product	
12. Net mass (kg)	
13. Alternative units*	

14. Declaration of the body issuing the certificate. This is to certify that the products designated above have been obtained in accordance with the rules of production and On inspection of the organic production method, as set and monitored by the control body mentioned in box 4.15. Additional declaration (if appropriate)	
16. Place of issue of the certificate of the issuing body	Stamp
Date Name and signature of authorized person	

***Explanatory notes**

Box 4 : Control body for monitoring compliance with the rules on organic production methods.

Box 5 : The firm which carried out the last operation (processing, packaging, labeling) on the batch.

Box 9 : The address of the firm where the batch will be delivered, if different from the address in box 7.

Box 13 : e.g. volume in liters in case of liquids, to be given, where appropriate, in supplement to the declarations in boxes 11 and 12.